

SENATE BUDGET COMMITTEE

DEMOCRATIC CAUCUS

KENT CONRAD, RANKING MEMBER

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CONRAD VOTES FOR FISCAL RESPONSIBILITY

Deficit Hawk Rejects Costly and Poorly Designed Tax Cuts

Washington, DC - Senator Kent Conrad Thursday voted against an expensive tax cut that will drive the country further into debt, without providing the needed boost to help the economy now. The North Dakota lawmaker argued for more tax relief sooner to help the sluggish economy, but a less expensive package over the long-term.

“I supported a sizeable tax cut to give immediate lift to the economy, and put the tax relief in the hands of working families,” Conrad said. “But the tax package that reached the Senate floor does not have enough stimulus in it to help the economy now. Instead, it will actually hurt the economy over the long term because of the dead weight of deficits and debt this package will create. These long-term deficits will lead to higher interest rates which will hurt consumers, families, farmers and businesses.”

Conrad stressed that while tax relief in the short term makes sense, long-term tax cuts must not be paid for with borrowed money. A long-time deficit hawk, Conrad said this year’s growing deficit will likely surpass \$500 billion on an operating basis. However, he is most concerned about the long-term structural deficits that will be created if all of President Bush’s tax cuts and spending proposals are adopted, and the danger posed to Social Security and Medicare.

“This isn’t the end of the road for tax cuts. The President’s budget calls for a total of \$1.6 trillion in new tax cuts and more than \$600 billion in new spending,” he said. “That is particularly troubling since the baby-boom generation will begin retiring in just five years. That means unprecedented strains on the federal budget as the government makes good on past promises for Social Security and Medicare. With a budget that does not add up, with tax cuts disproportionately benefitting the wealthiest, with a government projected to be in continuous deficit, I am afraid we’re headed off a fiscal cliff.”

Despite the gloomy outlook, Conrad remains hopeful that a better and more fiscally responsible compromise can be achieved — although he acknowledges time is running out. While the tax bill has not yet been signed into law, Conrad notes the bill must still be reconciled with a different, but even costlier House bill. The legislation passed the Senate late Thursday night by a narrow 51-49 vote.

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